Mistakes That Can Cost You Your Guaranty

November 22, 2016 @ 11 a.m. Eastern

For technical assistance, contact the AT&T Helpdesk at 888-796-6118 - Thank you!



Presented By: Ethan W. Smith, Esq.

We would like to thank Ethan for his time and providing information regarding his experience in lending and working on SBA loans from his perspective.

All opinions, conclusions, and/or recommendations expressed herein are those of the presenter and do not necessarily reflect the views of the SBA.





Presenter

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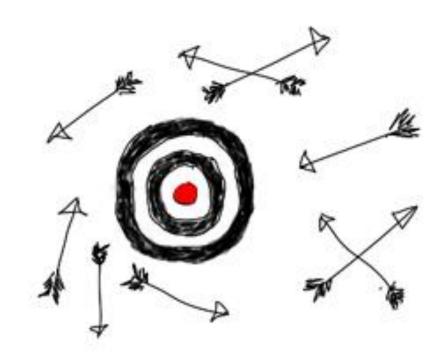
Ethan W. Smith's areas of practice focus on government guaranteed lending, commercial lending, banking, real estate and commercial law. Ethan has closed thousands of government guaranteed loans nationwide.

Starfield & Smith, P.C. is a boutique law firm specializing in all aspects of commercial lending, from origination through liquidation, for lenders nationwide. Starfield & Smith closes over \$150 million of commercial loans for its lender clients every quarter. For more information about Starfield & Smith, visit www.starfieldsmith.com

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Closing Issues:

- Eligibility
- Improper PLP processing
- □ Program Integrity
- Verification of Financials
- Environmental
- ☐ Use of Proceeds
- Debt Refinance
- □ Collateral
- Insurance
- ☐ 912 Issues
- Equity Documentation





Lien and Collateral Issues that Result in Missed Recoveries (Generally a Repair)

- Failure to obtain required lien position
- Failure to properly perfect security interest
- Failure to fully collateralize loan at origination when additional collateral was available





□ Unauthorized Use of Proceeds

- Proceeds disbursed for purpose(s) inconsistent with the loan authorization or subsequent modifications without a business justification. (Could be a Denial if early default and improper use of proceeds caused the failure of the business)
- Same lender Non-SBA loan paid with PLP loan proceeds (preference)



- □ Early Defaults (Denial if determined to be reason for business failure)
 - Missing or unsupported verification of required equity injection (includes verification of source in some cases)
 - Missing or unsupported documentation of verification of borrower financial information with IRS when financial information was relied on in lender's credit analysis





□ SBA Loan Eligibility (Denial)

- Ineligible franchise
- Ineligible loan purpose
- Ineligible loan recipient (loan to an associate of lender)

Underwriting





Questions?





Thank You!

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